



CHIP ENG SENG CORPORATION LTD.
Co. Reg. No. 199805196H

ENBLOC ACQUISITION OF MAXWELL HOUSE THROUGH JOINT TENDER

1. INTRODUCTION

The Board of Directors of Chip Eng Seng Corporation Ltd. (the “**Company**”) is pleased to announce that the Company’s wholly-owned subsidiary, CEL Development Pte. Ltd. (“**CEL**”), together with its joint tenderers, SingHaiyi Investments Pte. Ltd. (“**SHIPL**”) and Chuan Investments Pte. Ltd. (“**CIPL**”), have successfully tendered for the enbloc acquisition (the “**Acquisition**”) of the development known as Maxwell House (the “**Property**”).

On 6 May 2021, CEL, SHIPL and CIPL (collectively, the “**Joint Tenderers**”) jointly submitted a tender to the sale committee of the Property to acquire the Property at a tender price of S\$276.8 million. The tender was awarded to the Joint Tenderers on 7 May 2021.

2. INFORMATION ON THE PROPERTY

Presently, Maxwell House is a 13-storey commercial development comprising 145 strata units.

The Property is located at Maxwell Road, which is in the Central Business District of Singapore. The Property is within minutes’ walk from Tanjong Pagar MRT station along the East-West Line and the upcoming Maxwell MRT station along the Thomson-East Coast Line. The Property is also easily accessible to other parts of the island via the Central Expressway (CTE), Ayer-Rajah Expressway (AYE) and Marina Coastal Expressway (MCE).

The Property is in the immediate vicinity of the dining and entertainment precinct along Tras Street, Duxton Hill and Keong Saik Road. It is also within walking distance to shopping options at 100AM mall and Tanjong Pagar Centre, and a short distance to the medical hub at the Singapore General Hospital.

As the Tanjong Pagar area is poised for rejuvenation with the upcoming planned development of the Greater Southern Waterfront precinct in the vicinity, the Property, being located at the fringe of the Tanjong Pagar planning area, is expected to benefit from the spill over effects from the rejuvenation of the area. The strategic and convenient location of the Property thus makes it a choice site for a live-work-play development.

3. PROPOSED REDEVELOPMENT

The Property currently has a 99-year tenure starting from 2 June 1969. The Joint Tenderers will seek in-principle approval from the Singapore Land Authority to issue a fresh 99 years lease (the “**SLA In-Principle Top-Up Consent**”).

The Property has a land area of 3,883.3 square metres and is currently zoned “commercial” with a plot ratio of 4.3. It is the intention of the Joint Tenderers to seek approval from the Urban Redevelopment Authority to redevelop the Property into a “Commercial and Residential” mixed-use development with a gross plot ratio of at least 5.6 and gross floor area (“**GFA**”) of at least 21,746.48 square metres, for which the commercial component will be up to 20% of the total GFA (the “**Planning Criteria**”).

4. CONDITIONS PRECEDENT

The completion of the Acquisition is subject to satisfaction of conditions precedent including, amongst others, the following orders and approvals being obtained:

- (i) a sale order approving the collective sale of all units in the Property (which will not be required in the event all of the registered proprietors of the Property consent to the sale of their respective units);
- (ii) pursuant to the state lease, approval from the lessor of the Property (being the President of the Republic of Singapore) for the sale of the Property;
- (iii) outline planning permission for the Planning Criteria; and
- (iv) the SLA In-Principle Top-up Consent.

The Company will make a further announcement when the Acquisition is completed.

5. INFORMATION ON THE OTHER JOINT TENDERERS

SHIPL

SHIPL is a wholly-owned subsidiary of SingHaiyi Group Ltd (“**SingHaiyi**”). SingHaiyi is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is focused on property development, investment and management services. Please also see the disclosure in paragraph 8 below (*Interested Person Transaction*).

CIPL and its shareholders

CIPL is a newly incorporated company owned by Longlands Holdings Limited, Mr Tng Kay Lim and Mr Yang Tse Pin, each holding approximately 33.33% in CIPL.

Longlands Holdings Limited is a wholly-owned subsidiary of Chuan Holdings Limited (“**CHL**”). CHL is listed on the Main Board of the Stock Exchange of Hong Kong Limited. CHL, together with its subsidiaries, are engaged in the provision of earthworks and ancillary services and general construction works in Singapore.

Mr Tng Kay Lim is the founder and managing director of Kay Lim Holdings Pte Ltd, a property and construction group in Singapore which has businesses in property development, construction and leasing of tower cranes.

Mr Yang Tse Pin is an entrepreneur who has more than 30 years of experience in property development and building construction. He has set up companies whose core businesses include the operation and management of foreign workers’ dormitories, student hostel and facilities management.

6. RATIONALE FOR THE JOINT TENDER

It is in the interest of the Company to replenish its land bank. The enbloc sale of the Property presented a strategic opportunity for the Company to acquire an iconic site in the Central Business District for redevelopment. However, the Company is also mindful that the prolonged impact of the COVID-19 pandemic may give rise to further market uncertainty and volatility. The Company is therefore of the view that it will be prudent to manage its financial and execution risks by partnering the other Joint Tenderers to acquire and redevelop the Property.

SingHaiyi has a well-established property development arm with strong presence and track record in Singapore. SingHaiyi’s notable projects in Singapore include 9 Penang Road (Grade A commercial building with BCA CONQUAS Star rating and Green Mark Platinum award), Parc Clematis (multi-award-winning residential project), The Vales and City Suites (BCA CONQUAS Star rating residential project).

CIPL’s shareholders collectively have a good mix of experience in property development and construction works in Singapore, which are relevant to the redevelopment of the Property.

The Joint Tenderers will thus be able to tap on each other’s expertise and experience.

7. PROPOSED JOINT VENTURE

The Joint Tenderers will form a joint venture (the “**Joint Venture**”) and enter into a joint venture agreement (the “**JV Agreement**”) to set out the terms relating to their joint acquisition and redevelopment of the Property (the “**Project**”).

Meanwhile, the Joint Tenderers have entered into a binding Memorandum of Understanding (“**MOU**”) which provides, amongst others, that:

- (i) the participation interest of the Joint Tenderers in the Acquisition (and accordingly, their shareholding interests in the Joint Venture) shall be as follows (the “**Participation Proportions**”):

CEL	40%
SHIPL	30%
C IPL	30%

- (ii) the Joint Tenderers shall pay for the purchase price of the Property as well as any costs, expenses and taxes in relation to the Acquisition in their respective Participation Proportions; and
- (iii) it shall be a requirement under the JV Agreement that each of the Joint Tenderers shall contribute equity and other financial support (including additional equity, shareholders’ loans and/or guarantees) to the Joint Venture in their respective Participation Proportions.

8. INTERESTED PERSON TRANSACTION

A. Interested Person

SHIPL is an associate (as defined in the Listing Manual of the SGX-ST (the “**Listing Manual**”)) of Mr Gordon Tang and Mrs Celine Tang (collectively, the “**Controlling Shareholders**”). As at the date of this announcement, the Controlling Shareholders jointly hold in aggregate approximately 36.31% of the shareholding interest in the Company. Mrs Celine Tang is also the Non-Independent and Non-Executive Director and the Non-Executive Chairman of the Company.

SHIPL is thus an interested person of the Company for the purposes of Chapter 9 of the Listing Manual, and the investment by CEL and SHIPL into the Project constitutes an interested person transaction of the Company for the purposes of Chapter 9 of the Listing Manual.

B. Rule 916(2) of the Listing Manual

Based on the terms of the MOU, the Audit and Risk Committee of the Company is of the view that:

- (i) the risks and rewards relating to the Acquisition are in proportion to the eventual equity of each of CEL and SHIPL in the Joint Venture; and
- (ii) the terms of the MOU are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

As the risks and rewards for CEL and SHIPL pursuant to the terms of the MOU are in proportion to their respective Participation Proportions, and none of Mr Gordon Tang, Mrs Celine Tang or SHIPL has any existing interest in the Project prior to the signing of the MOU, the Company’s investment in the Project will be within the scope of Rule 916(2) of the Listing Manual.

The Company will make a further announcement when the JV Agreement is entered into, which announcement will also include the Audit and Risk Committee’s views on the terms of the JV Agreement pursuant to Rule 916(2) of the Listing Manual.

C. Value of Interested Person Transaction

For the current financial year ending 31 December 2021 (“**FY2021**”), save as disclosed below, there are no other interested person transactions relating to the Controlling Shareholders and their associates as at the date of this announcement:

- (i) the Company’s proportionate contribution of S\$400,000 to the required tender fee of S\$1,000,000 (the “**Tender Fee**”) for the Acquisition. The Tender Fee will form part of the purchase price for the Property. The Company will make a further announcement on the amount it is required to contribute to the Joint Venture, when the JV Agreement is entered into; and
- (ii) the aggregate interest of approximately S\$579,329 (accrued up to the date of this announcement) in respect of the Controlling Shareholders’ jointly-held 6% notes due 2022 issued by CES Treasury Pte. Ltd. (a wholly-owned subsidiary of the Company) on 15 March 2019.

As at the date of this announcement, the current total of all transactions with the Controlling Shareholders and their associates for FY2021 is approximately S\$979,329, and the current total of all interested person transactions of the Company for FY2021 is approximately S\$1,361,782.

9. FINANCIAL IMPACT

The Company’s contribution to the Tender Fee was funded from internal cash sources. The Company will fund its contribution into the Joint Venture from internal cash sources.

The investment in the Project is not expected to have a material impact on the net tangible assets and earning per share of the Company for FY2021.

10. OTHERS

Save as disclosed in this announcement, none of the Directors and, to the best knowledge of the Directors, none of the controlling and substantial shareholders of the Company has any direct or indirect interest in the Project, other than through their respective shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Chia Lee Meng Raymond, Executive Director and Group Chief Executive Officer, on 7 May 2021 to the SGX.